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Czech Republic

Oilseeds and Products

Annual

2004

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Report Highlights:
In MY 2003/04, total oilseed area increased by 2.8% to 421,300 hectares, but the composition of plantings changed dramatically. Due to bad weather (frosts and drought), winter rapeseed plantings dropped and were replaced with spring sunflower, mustard and soybean plantings. Due to lower yields, total production decreased by 27% to 600,000 MT. Rapeseed production met domestic demand but exports disappeared. For MY 2004/05, oilseed plantings should return to normal with rapeseed production at 630,000 MT, sunflower at 60,000 MT, poppy seed at 15,000 MT, mustard at 40,000 MT and soybeans at 7,000 MT.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
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Oilseeds Area, Production, and Consumption

Total Oilseeds

In MY 2003/04 oilseed area increased by 2.8% and reached 421,299 hectares. The share of various oilseeds out of total area changed significantly; due to bad winter rapeseed and spring oilseeds increased. In spring 2003, over 100,000 hectares of winter oilseeds were planted.

Share of different oilseeds out of total oilseed area:

	MY 2002/03	MY 2003/04	estimate MY 2004/05
Rapeseed	76.4%	59.6%	73.0%
Mustard	8.6%	16.0%	9.7%
Poppy seed	7.2%	9.1%	7.5%
Sunflower	5.9%	11.6%	7.0%
Soybean	0.7%	1.8%	1.7%
Other	1.2%	1.9%	1.1%

Total oilseed production in MY 2003/04 was over 601,000 MT with an average yield of 1.43 MT/ha, which was a 27% decline compared to the previous year due to bad weather and losses of winter rapeseed (yield dropped by 0.72 MT/ha) and soybeans (yield dropped by 0.58 MT/ha).

Rapeseed

Rapeseed production dropped the second year in a row due to bad weather conditions, especially winter frosts. Production in MY 2003/04 reached 388,000 MT, which is a 45.3% decline compared to the previous year. The MY 2003/04 average yield of 1.55 MT/ha was the lowest in the past 24 years. Due to low production in MY 2003/04, the government removed the tariff duty of 60% and allowed duty free imports from November 2003 until EU accession on May 1, 2004. Since production covers domestic processing capacity, only 15,000 MT was imported.

In MY 2004/05, production of 630,000 is expected, which is somewhere in between the highest level of almost 1 million MT in MY 2001/02 and the lowest level of 388,000 MT in MY 2003/04. Average yield is expected at 2.1 MT/ha.

Non-food use rapeseed is increasing. There are 14 processing plants in the Czech Republic producing rapeseed for bio-fuels. Their total capacity is 200,000 MT. The Ministry of Agriculture has a program for subsidizing rapeseed grown for bio-fuel production. In CY 2003, the Czech Republic produced over 71,000 MT of methyl-ester from rapeseed oil (MERO) for production of bio-fuel (with 31% of MERO). After the EU accession on May 1, 2004, production of bio-fuels will be regulated at the EU level (Directive 2003/30/EC). The EU plans to implement a 2% content of bio-fuels in all fuels, which by 2010 should increase to 5.75%.

The following table shows development of area, yield and production in the past six years:

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Area (1,000 ha)	350	325	344	313	251	300
Yield (MT/ha)	2.67	2.61	2.84	2.27	1.55	2.1

Production (1,000 MT)	931	844	973	710	388	630

Sunflower

Production of sunflower seed rose in MY 2003/04 by 109% to its record level of 114,500 MT. High production is a result of both increased area and better yield (2.35 MT/ha – the best in the past ten years). Area doubled since last year to 48,700 hectares. Sunflower high area and production replaced some winter crops, such as rapeseed and wheat. The quality of harvested sunflower was good processing in the Czech Republic.

The following table shows development of area, yield and production in the past six years:

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Area (1,000 ha)	28.5	30.8	28.6	24.2	48.7	28
Yield (MT/ha)	2.22	2.14	1.99	2.25	2.35	2.14
Production (1,000 MT)	63.2	65	56.7	54.6	114.5	60

Soybeans

In MY 2003/04, production of soybean increased to record level of 11,900 MT due to increased area (yield of 1.55 MT/ha is lower than average). The reason for the doubling in area for soybean is (as in case with sunflower) the bad winter crops conditions (rapeseed, wheat). The second reason for increased area is a replacement of meat-bone-meal in compound feeds with soybeans. The third reason is subsidies for soybean seeds.

Even though production of soybeans in the Czech Republic has increased significantly over the past few years, it does not cover domestic demand and has to be imported. Major suppliers of soybeans are Brazil, Canada, U.S. (transshipments through Belgium and Netherlands), and Slovakia. GMO soybeans (RR soya) are approved for import (labeling is required) but not for commercial growing.

The following table shows development of area, yield and production in the past six years:

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Area (1,000 ha)	0.4	1.9	2.7	3.0	7.7	7.5
Yield (MT/ha)	1.53	1.25	1.59	2.13	1.55	1.50
Production (1,000 MT)	0.2	2.3	4.3	6.4	11.9	11.2

Oilseed Processing

The biggest oilseed processor and the only major soybean crusher, Setuza, has a capacity of 600,000 MT/year and over 1,000 employees. It processes up to 450,000 of rapeseed (out of which almost half is production of methyl-ester rapeseed oil for biofuels), 20,000 MT of sunflower and 20,000 MT of soybeans. Setuza's import of soybeans is based on rapeseed

availability and prices. There are other small oil processing plants in the Czech Republic, but their share of total production is marginal. In 2003, Setuza increased its imports of vegetable oils, including soybean oil.

Trade Policy

After the EU accession on May 1, 2004, the Czech Republic will apply the EU's tariff schedule. The schedule can be found at:
http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

(Exchange rate: March 2004: $1 = 27 CZK)